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AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE BUREAU OF AGRICULTURAL ECONOMICS,
UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

July 19, 1926.

Vol. IV, No. 15.

NEW DIVISION OF COOPERATIVE MARKETING CREATED

Pursuant to the provisions of the Cooperative Marketing Bill, which was approved and signed by the President just before Congress adjourned, a Division of Cooperative Marketing has been created in the Bureau of Agricultural Economics of the Department of Agriculture. The work and personnel of the former Division of Agricultural Cooperation will be transferred to the new Division of Cooperative Marketing. Chris L. Christensen, who has been leader of the cooperative work will be in charge of the new division.

The research, educational and service work of the Department of Agriculture relating to cooperative marketing will be considerably enlarged under the provisions of this act. The Department, through the new division, will now be able to give the same attention to the development of cooperative marketing among farmers' as has been extended to problems of production. This will be done by the collection, study and dissemination of information regarding the farmers' cooperative movement in the United States and foreign countries. Business technique and market methods involved by farmers' cooperative enterprises will be analyzed and studied by Department experts. The experience and knowledge acquired by successful cooperative marketing associations will also be summarized and set forth to serve as guide posts in the movement. It is further planned that commodity cooperative marketing specialists shall be employed and that these men shall be familiar with the needs of cooperative organizations and with the research and service of the Department. These specialists will form contacts between the twelve thousand cooperatives and the Department, and will assist in the dissemination of crop and markets information, data regarding price trends, and conditions of supply and demand, with such analyses and explanations as are necessary to make this information of practical value to the cooperatives and their members. The act enables the Department to cooperate with educational agencies. It is planned that assistance will be given agricultural colleges and cooperative associations in working out a comprehensive educational program in cooperative marketing.

Such additional personnel as may be needed by the Bureau in carrying out the provisions of the new act will be selected in accordance with the requirements of the United States Civil Service Commission.

BULK OF CALIFORNIA APRICOTS HANDLED AT FIVE PLANTS

An early season for apricots is reported by California Prune and Apricot Association, San Jose, Calif., some of the dried fruit having been delivered the week of June 7. Advances range from 14 cents a pound for "Extra Moorpark" down to 7 cents for "Slabs." These advances are made immediately upon delivery of the fruit. An advance of \$40 per ton for No. 1 apricot pits has been authorized. Growers are required to make delivery dates with the superintendent of the plant at which they are accustomed to deliver their fruit.

The bulk of the apricot crop is handled at five large packing houses, although several other of the 35 packing plants and receiving stations are equipped to receive and grade apricots. The present value and daily capacity of these five plants are shown below:

Location	Present net value	Daily grading capacity	Daily grading capacity	Storage capacity
		(Tons)	(25-lb. boxes)	(Tons)
Hemet	\$37,282	30	2,000	550
San Jose	61,414	40	3,000	1,000
Hollister	74,101	40	2,500	3,000
Santa Paula	100,569	75	3,000	2,500
Hanford	75,957	40	2,500	1,000

Through a provision of marketing agreement growers are premitted to sell green fruit outside the association if they so desire. The paragraph of the agreement reads as follows:

The growers shall have the right to retain and to sell all or part of his fruit green for green use or canning only; and only to persons, firms or co-operations which then have written contracts with the Association, providing that the said purchasers shall handle the products for green or canning use only and are listed by the Association in its regular publication or by notice to the growers as approved buyers

A long list of approved buyers is published and others are advised that they may secure listing with the Association by signing the contract. Growers are required to give written notice to the association of all sales of green fruit, stating the tonnage sold and the name of the buyer.

SOUTH CAROLINA SWEET POTATO GROWERS WORKING TO PLEASE

The annual report of the South Carolina Sweet Potato Association, Florence, S. C., for the year ending April 30, 1926, states, "We have had a very profitable season, and have tried hard to leave shippers and receivers with only the highest regard for the association...." In the year the association handled 193 cars of sweet potatoes and 40 express and l.c.l. shipments, all of which have been settled for except two cars which are not included in the operating and financial statements.

Five classes of shipments were handled and the records of each were kept distinct. The classes were as follows: potatoes purchased, carlots handled for account, l.c.l. and express shipments handled for account, five-peck pool, and four-peck pool.

In the first class, 19 cars, of 10,181 crates, were billed at \$18,671. Growers received \$13,701, 73.4 per cent of sales and an average of \$1.34 per crate; and profits to the association amounted to \$1,462. Carlots handled for account numbered 118 cars, 54,953 crates, which sold for \$94,210 and netted the growers \$67,265, 71.4 per cent of sales and an average of \$1.22 per crate. The association's commission of 8-1/2 per cent came to \$8,059. The 40 small lots brought \$4,096 of which the growers received \$3,321, 81.1 per cent of sales and an average of \$1.67 per crate. Commissions to the association were \$344. Fifty car loads in the five-peck pool, 25,606 crates, brought \$61,471, of which the growers received \$52,830, 85.9 per cent, and the association received \$3,961 for commissions. Five cars or lots, 2,702 crates, were shipped in the four-peck pool, bringing \$5,133. Growers were paid \$4,053, 79 per cent, an average of \$1.50 per crate, and the association's commission was \$169.

Total sales for the season amounted to \$183,875; freight and other expenses were \$28,705; growers were paid \$141,172, leaving a gross margin of \$13,997. Margins on crates handled, railroa claims collected, and a few other items, brought the gross income from operations to \$14,500. Expenses amounted to \$10,825, leaving a net surplus of \$3,675, as of April 30.

The association was organized in 1920 and has about 100 members, most of whom are owners of storage houses, or local associations operating warehouses. The report states, "The spirit of cooperation existing among the membership of this organization is gratifying."

Sales for the several years have been as follows:

1921	\$ 60,000
1922	150,000
1923	108,388
1924	114,885
1925	183,875

TWIN CITY MILK PRODUCERS OPEN NEW PLANT

The new Minneapolis plant of the Twin City Milk Producers' Association, St. Paul, is now in operation. The building is 74 x 128 feet, two stories and full basement, so constructed that another story can be added if required, and so placed that another building can be erected on the lot. The condensing room is equipped with the latest machinery for making condensed milk and has a capacity of 75,000 pounds of milk per day. The churn room is equipped both to make butter and to handle sweet cream for eastern shippers. A new type of pasteurizing vat has been installed. Power is furnished by two 150 horse power boilers. It is expected that more than 120,000 pounds of milk per day will be delivered to the plant as soon as some additional equipment is installed.

Two new open-air powder drums are being operated at the St. Elmo plant, capable of converting 30,000 pounds of milk per day into powder which sells at about nine cents a pound, or a net return of about 40 cents per 100 for the skim milk. A contract has been made for all the milk powder to be produced until January 1, 1927.

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LAND O'LAKES BUTTER SOLD IN ORIENT

A continued increase in the export business of the Land O'Lakes Creameries, Inc., Minneapolis, Minn., is reported. Butter for export is put up in half-pound, one-pound, and five-pound tins., hermetically sealed, or is packed in cartons in tin-lined cases. A recent number of Land O' Lakes News reproduces an advertisement which appeared a number of times in the principal newspaper of Shanghai, China, giving the people of that country an opportunity to read in their own language a list of the dealers who handle this sweet-cream butter from the United States.

Thirty more creameries have qualified for the certified Land O' Lakes list, bringing the number to 250, after withdrawing the privilege from three creameries not now qualified.

Four main outlets for this high grade butter are utilized: chain stores, jobbers, milk companies, ice-cream manufacturers. The most direct outlet is the chain store systems, and the association is now supplying with butter, 25 large chains, operating 20,000 stores. Connections have also been made with one or more jobbers in each of the large cities, and with milk companies which deliver butter of high quality from their milk wagons. Many orders are also received from ice-cream companies which store large quantities of unsalted butter for use in the event that there should be a shortage of cream in the summer months.

During the month of April 1,406,669 pounds of butter was printed in the print room of the main warehouse in Minneapolis, or about one-fifth of the total sales. In this same month 156,925 pounds of butter was sold in the Twin Cities to the retail and hotel trade. Butter, eggs and cheese are sold weekly to about 1,200 grocers.

In addition to the print butter the association is shipping 10 cars of 40 per cent sweet cream weekly to eastern markets.

DAIRYMEN'S LEAGUE HOLDS FIFTH ANNUAL MEETING

Twenty-five hundred farmers attended the annual meeting of the Dairymen's League Cooperative Association, Inc., held June 17 at Buffalo, and said to be be "the biggest and best annual meeting in the history of the association." All officers and executives were reelected.

Among the points of interest brought out in the addresses and reports a few are noted . The quantity of fluid milk sold from the League plants last year was approximately 523,000,000 pounds, compared with 220,900,000 pounds in the year 1922-23, an increase of more than 300,000,000 pounds in three years. The pool price for the past fiscal year was higher by 30.7 cents per cwt. than the price the previous year, without including patronage refunds. The total number of membership contracts on file April 1, 1926., was 63,420, compared with 64,637 on April 1, 1925. Three thousand ,eight hundred ninty new contracts were received during the year; there were 2,983 withdrawals, and 2,124 contracts were cancelled by the association, including 656 of former members now deceased. Only 1,694 of the total 5,107 contracts cancelled were those of active dairymen.

The League now has 825 active locals functioning. During the past year it has aquired 33 additional plants, three of which were built by the engineering department of the organization and thirty were purchased outright.

From the annual report of the treasurer the following figures have been selected: Gross sales amounted to \$66,699,331; returns, allowances, freight, etc., brought the gross returns down to \$63,758,362. Total operating, selling, and general expenses came to \$8,165,581, leaving the net return from operations \$55,592,781. Interest, discounts, rentals, etc., brought the gross income to \$55,977,813, and deductions for income charges, including interest, discounts and depreciation, left the net income, \$54,907,787. The amount distributable to members for the year was \$52,229,951; due members at beginning of the year, \$4,821,511; paid members during the year, \$52,338,887; due members at close of year, \$4,712,576.

The balance sheet shows land, buildings and equipment to the value of \$10,930,226; reserves to the amount of \$3,894,686; and certificates of indebtedness, \$9,893,914.

The management announces that the thirteenth check, convering final settlement for the year, will be sent out about the middle of July, a month earlier than last year. Certificates of indebtedness will be sent to members in the same mail. These certificates will be known as Series E and will amount to approximately \$2,244,059, after deducting about \$25,000 in odd cents and amounts of less than \$5. These small sums will be included in the thirteenth check.

CINCINNATI MILK ASSOCIATION COMPLETES ANOTHER YEAR

Sales of milk in the past year by the Cooperative Pure Milk Association, Cincinnati, Ohio, aggregated 94,006,858 pounds, for which the members received the sum of \$2,333,997, according to the report of the secretary at the fifth annual meeting held June 10. The average price for all milk for the year was \$2.63 per cwt.

It was further reported that by the establishment of truck routes, the association was enabled to close several receiving stations and to divert the milk to points where skim milk could be utilized to best advantage, also to establish the Cincinnati price with the zone differential for hauling to Cincinnati regardless of where the milk was delivered.

A modification of the contract between the Cooperative Pure Milk Association and the French Brothers-Bauer Company resulted in a direct reduction of over \$120,000 per year in the obligations to the latter company and the elimination of the requirement of \$144,000 per annum for the expansion fund. Nine thousand additional shares of the common stock of the French Brothers-Bauer Company were paid for by the pooling stockholders during the fiscal year and 427 shares of deposited stock were purchased in the open market. On March 31, 1926, the total holdings of this stock by the association amounted to 34,998 shares, making with the expansion fund loan of 1925, a total investment of over \$900,000 in the French Brothers-Bauer Company.

Sixty-one new members were added to the association during the year, and 35 members withdrew, 11 stating they had gone out of the dairy business and 2 that they were too far from the truck lines. For the first time the association exercised its privilege and canceled the contracts of 20 members. One of these was later reinstated after a personal plea to the board of directors.

As the management is ever on the alert to raise the quality of the milk, a big improvement in the quality was highly gratifying.

The financial statement shows a total gross income for the year of \$47,380; total expenses, including interest charges, \$51,423; and net loss, after certain adjustments came to \$11,800. The members' equity in the organization amounts to \$905,075.

A committee of three appointed since the last annual meeting to study the problems of representation of cream shippers reported that it had made a thorough study of the problems of representation and "was unable to recommend any equitable or fair plan which would do justice to all, and therefore recommended that the proposed distinction between cream shippers and milk shippers should not be made and further proceedings toward this end should be abandoned." The by-laws were then amended accordingly.

(Additional information may be found in Agricultural Cooperation., December 17, 1923, p. 3; and July 20, 1925, p. 292.)

NORTH DAKOTA WHEAT POOL BUYS FIRST ELEVATOR

"Wheat Pool Elevator No. 1," of the North Dakota Wheat Growers' Association, Grand Forks, was aquired in June by purchase. This elevator was built last year,. It is located at Park River, and is of 35,000 bushel capacity, thoroughly modern in every way, with all equipment operated by electricity. The purchase was made by the Wheat Growers' Warehouse Company, a subsidiary of the North Dakota Wheat Groowers' Association. Negotiations are under way for the purchase of several more elevators to aid in handling the 1926 crop.

Organization work among the Montana wheat growers has been begun by a field force from the North Dakota association and it is proposed to handle the wheat from the two states through the North Dakota organization.

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COLORADO WHEAT POOL INTRODUCING TEN-YEAR CONTRACT

Up to April 10, 1926, the Colorado Wheat Growers' Association, Denver, had received 570,570 bushels of 1925 wheat, according to the auditors' report and proceeds therefrom to the amount of \$916,475 had been credited to members of the pool. Wheat delivered after April 10 and prior to June 15, will also be included in the 1925 pool. The auditors' report, as of April 10, 1926, showed estimated expenses to July 1, 1926, of \$32,385. A reserve for contingencies, representing 2 per cent of the gross resale proceeds, and amounting to \$18,313, was deducted. Wheat on hand was inventoried at \$1.30 per bushel. Expenses for the period ending April 10 came to \$243,949, including freight, storage, handling, administration, field service, publicity, selling, interest, and reserve mentioned above. The amount advanced to members, less interest and storage allowed, was \$606,315. Reserve for contingencies amounts to \$40,170.

This was the fourth pool year of the organization. When it began operations in 1922 it had 280 members and handled 87,794 bushels of wheat; in 1923, 2,000 members delivered about 1,300,000 bushels; in 1924, 5,800 members sold 1,190,000 bushels through the pool; and with approximately the same membership in 1925 only about 600,000 bushels, partly due to the short crop.

The association is starting again with a new ten-year contract with provisions for withdrawal and cancellation. The 1926 wheat will be handled through the Southwest Cooperative Wheat Growers' Association, Kansas City, which is to handle the wheat from four states and expects to receive 20,000,000 bushels. It is believed that increased volume of business will result in benefits to all concerned.

FINAL SETTLEMENT MADE FOR SOUTH DAKOTA WINTER WHEAT POOL

Wheat handled by the South Dakota Wheat Growers' Association, Aberdeen, in its 1925-26 winter pool totaled 1,959,923 bushels, and net returns to growers amounted to approximately \$2,300,000. This was about 300,000 bushels more than the winter pool of 1924-25 and about 1,500,000 bushels more than the first winter pool in 1923-24.

Checks for final settlement for the winter pool have been distributed to members. These checks amounted to \$372,376.

Prices paid to members on No. 1 grades, basis terminal, ranged from \$1.651 for No. 1 hard spring down to \$1.301 for No. 1 red durum, subject to deductions for operating expenses and freight.

The increase in volume brought a decrease in operating expenses and the total marketing charges for the winter pool were 11.76 cents per bushel, a reduction of more than one cent a bushel from the figures of the 1924-25 winter pool.

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COLORADO EQUITY UNION REPORTS

At the close of the business year, May 31, 1926, the Burlington Equity Exchange Company, Burlington, Colo., reported sales amounting to \$325,046, compared with \$278,801 the previous year. Wheat was the most important product handled, bringing in a total of \$247,123, with a resulting gross profit of \$19,323. Other commodities handled included corn, barley, rye, beans, cane seed, flour, posts and wire, coal, miscellaneous merchandise, implements and twine. Gross revenue was \$33,739; direct operating costs were \$10,004, and indirect expenses and losses came to \$1,876, leaving a net margin of \$21,768. Of this sum the auditors recommended the following distribution: reserve for building repairs, \$4,000; reserve for Federal taxes, \$1,000; 6 per cent interest on capital stock, \$1,663; members' proration, 6 per cent, \$13,625; non-members' profits to surplus, \$1,179.

The company was organized in 1915 with 74 members and an authorized capital stock of \$25,000 in shares of \$25 each. It now has 150 members and a net worth of \$65,000, including capital stock outstanding, \$27,725; surplus, \$10,074; and undivided profits, \$19,039. Available figures regarding sales are as follows:

<u>Year ending May 31</u>	<u>Sales</u>
1918	\$ 66,740
1919	410,000
1921	500,000
1922	475,000
1923	481,568
1925	278,801
1926	325,046

DIRECT LIVESTOCK MARKETING ENCOURAGED IN OHIO

Over one hundred thousand animals were marketed through the Eastern States Company, Columbus, Ohio, in 1925. The number of animals of each kind handled was as follows: hogs, 78,461; calves, 19,769; sheep, 18,677; lambs, 15,509; cattle, 103. Total sales amounted to \$2,862,608.

This company is a subsidiary owned by the Ohio Livestock Cooperative Association, Columbus, which is a coordinating organization for 56 county shipping associations. The Eastern States Company operates upon the Buffalo, Cleveland and Pittsburg livestock markets, also at concentration points in Ohio. This company promotes direct marketing with packers, that the expenses for yardage, feed and selling charges at terminals, and losses in transit, may be reduced to their lowest terms.

The margin between income and expenses for the Ohio Livestock Cooperative Association amounted to \$1,637 for last year, increasing the surplus to \$9,469 for December 28, 1925. The expense for the year was \$4,445 less than the budget estimate made at the beginning of the year.

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REPORT OF ACCOMPLISHMENTS ISSUED BY NORTHWESTERN ASSOCIATION

In accordance with a resolution adopted at the annual meeting of the membership of the Northwestern Cooperative Live Stock Shippers' Association, held in St Paul, February 12, 1925, a seven-page pamphlet giving the more important facts in the history of the association is being distributed. This association is made up of representatives of livestock shipping associations and handles matters relating to the administration of laws affecting the marketing of livestock.

The association was formed at a meeting held in the Old Capitol, St. Paul, February 14, 1918. It at first operated under the name, Minnesota Central Cooperative Live Stock Shippers' Association. Later the name of the organization was changed to that now used. At the annual meeting, February 15, 1923, it was decided to incorporate under the cooperative laws of Minnesota. At this time new by-laws were adopted.

Among the accomplishments claimed as a result of the activity of the officers of the association are the following: Secured the passage of laws improving conditions connected with the marketing of livestock; organized new shipping associations; aided existing associations; furnished shipping associations with speakers for public meetings; obtained a reduction in the costs of liability insurance; aided in establishing the Central Cooperative Commission Association; prepared a complete record book which is furnished shipping associations at a low cost; secured rulings from national and state administrative boards favorable to the marketing practices of the shipping associations; and obtained increased and improved facilities at local shipping points.

"PEP MILESTONES" ENUMERATED BY NEW YORK SALES AGENCY

"A report of development" of the Pacific Egg Producers Cooperative, Inc., New York, has been prepared by the manager, in the hope that the record of the various steps in its progress may be of interest and value to other cooperatives. Some of the PEP "Milestones" enumerated are given in condensed form below:

January 16, 1922. Action was taken at a preliminary meeting in San Francisco, whereby Pacific Egg Producers was organized for the purpose of marketing the products of the Pacific Coast cooperative associations.

April 15, 1922. New York office was established as branch of the San Francisco headquarters, and trading was begun.

November 24, 1922. The first egg auction was inaugurated. In spite of dire predictions from the trade the auction is still continued and is becoming more and more firmly established as an efficient instrument.

May 23, 1923. Date of incorporation under New York State laws, with headquarters in New York City.

July 1, 1923. Removed to new five-story building at 178 Duane Street, with ample facilities for rapidly growing business.

January, 1925. Beginning of substantial movement of PEP eggs into markets outside of New York City. The markets of about a dozen United States cities are now supplied more or less regularly, as well as markets in Cuba, Peru, and England.

March, 1925. A definite policy was begun of supplying extensive chain store systems with PEP eggs regularly throughout the year. The recognition by this trade of PEP eggs as a quality product which could be depended upon the year around as to supply and uniformity, marked a new era in the distribution of the eggs of the association.

November 26, 1925. Official enlargement of PEP territory to include all markets outside of the eight Pacific Slope States. This made possible a more efficient distribution of various grades of PEP eggs, with a steadier supply of the eggs needed by consumers throughout the entire territory.

January 7, 1926. Beginning of the campaign to advertise "Sunrise" eggs to consumers in Cleveland. Each individual egg is stamped with the registered trade-mark, "SUNRISE."

The growth of the organization during its brief existence is indicated by the following figures showing value of sales for the members each year: 1922, \$2,007,848; 1923, \$3,342,158; 1924, \$5,104,488; 1925, \$8,225,421. Four persons handled the entire business in the early days; now a force of 42 is employed.

Three lines of improvement for the future are marked out by the manager as the most important: (1) Greater unity of control, (2) continuous study and careful research for improvement of quality of product and efficiency of distribution, (3) a readiness for cooperation with any other marketing agencies whose aims and purposes are similar to those of PEP.

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BIG DISTRIBUTION TO GEORGIA COTTON GROWERS

A distribution amounting to \$1,660,000 was made recently to its members by the Georgia Cotton Growers' Cooperative Association, Atlanta. All checks were mailed to members on unassigned cotton, and to the proper payee when the cotton had been assigned to another party by the member.

This distribution was made on a pool basis instead of a per pound basis for the reason that more cotton had been sold from some pools than from others and more money could be paid to the growers than if the usual plan was followed.

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ARIZONA COTTON ASSOCIATION PUBLISHES BALANCE SHEET

The balance sheet of the Arizona Cotton Growers' Association, Phoenix, for the year ending March 31, 1926, shows income from gin receipts, interest, etc., amounting to \$48,972, and expenditures of \$42,659 leaving a net income for the year of \$6,312. Expenses of the Phoenix office were \$15,403, of which salaries accounted for \$11,419, and rent for \$1,000. Expenses of the Los Angeles office were \$4,839; of the Las Vegas office, \$338; and of the Tucson office, \$95. Among the larger items of expense were: directors' fees and special charges, \$4,249; automobile and truck expenses, \$3,460; advertising, \$2,182; and traveling expense, \$2,858.

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GEORGIA ASSOCIATION HANDLES MORE COTTON EACH YEAR

At the recent annual meeting of the Georgia Cotton Growers' Cooperative Association, Atlanta, all the executive officers were reelected. Most of them have served the association during the four years of its operation.

The president of the organization pointed out in his report that the business of the organization had increased in volume each year. In its first year the association handled 54,000 bales of cotton; the second year, 70,000; the third year, 105,000; and the fourth year, 115,000. During the four years the association has accumulated a reserve fund of \$300,000.

As the present season is the last of the old contract, a campaign for signatures to a new 7-year contract has been begun and more than 2,000 names have been secured in the past three months. These 2,000 members have delivered to the association more than 35,000 bales of 1925 cotton.

Two subsidiary organizations have been formed to aid the growers. The Growers' Finance Corporation, organized to make loans to members for producing crops, during the past three months has rediscounted for association members through the Federal Intermediate Credit Bank \$1,500,000 at an interest rate of 6.75 per cent per annum. The other subsidiary organization is the Growers' Supply Company which buys and distributes fertilizers among the members.

PEANUT GROWERS MUST DECIDE COURSE OF ACTION

At the membership meeting of the Georgia Peanut Growers' Cooperative Association, Albany, Ga., June 1, 1926, it was announced that with the settlement for the 1925-26 crop the association would, for the first time since it began operating, be free from debt, would own its equipment, would have a small cash reserve, a well established credit, considerable valuable experience, and an efficient working force.

The association was formed in 1923 without capital stock. Heavy expenses were incurred in connection with the pre-organization drive and the second membership drive in the spring of 1924. The management was inexperienced and preparations were made for a much larger volume of business than was realized, resulting in a deficit of \$85,000. This indebtedness has now been liquidated and the management believes it is in a position to handle the 1926 crop advantageously. However, the situation in regard to deliveries has been unsatisfactory and it was decided at the annual meeting to put the matter squarely up to the membership. A committee was appointed to make a canvass before the August meeting and learn the attitude of the members toward delivering their 1926 crop.

A survey of the situation shows that in 1923 out of 6,000 members 2,829 delivered approximately 7,850 tons of peanuts. In 1924 there were about 8,000 members. 3,500 of whom delivered 19,075 tons; and in 1925 out of 7,000 members only 778 delivered about 3,250 tons.

In case this committee is satisfied that the deliveries will be insufficient to warrant conducting the business on a satisfactory basis, the association will not attempt to force deliveries. On the other hand, if the committee finds enough loyal members who believe in cooperative marketing and have faith in their organization, the association will handle the crop as heretofore, accepting the peanuts offered and enforcing the penalty upon contract violators.

Three crops of peanuts have now been handled by the association for its members. The first was the 1923-24 crop for which expenses of handling amounted to \$21.42 per ton. The next year the figure was reduced to \$15.50, though there was a heavy crop of poor quality and a considerable portion had to be carried through a year and three-quarters. Of this \$15.50, \$4.70 was chargeable to overhead, and \$10.80 to handling. Costs for the 1925 crop are not yet published.

A reduction of the office force brought the item for salaries to \$27,000 less than the first year of operation. Further economies resulted from securing a drastic reduction in insurance rates and in utilizing the facilities of the Intermediate Credit Bank with its low rate of interest for \$69.2 per cent of the funds required, compared with 35 per cent the previous year.

An initial payment of \$50 per ton was made on the 1925 crop and a second payment of \$10, basis No. 1. Final settlement will be made when the pool is closed.

STATISTICS OF COOPERATIVE ENTERPRISES IN INDIA

Many statistics regarding the cooperative societies of India are given in a publication issued by the Department of Commercial Intelligence and Statistics, Calcutta, entitled, Statements Showing Progress of the Cooperative Movement in India during the year 1924-25. A diagram shows that from 1906 to 1925 the number of societies of all kinds increased from 749 to 71,608 with 2,630,000 members. These societies were classified as follows: Central Societies, including provincial and central banks and banking unions, 555; Supervising and Guaranteeing Unions, including re-insurance societies, 1,340; Agricultural, including cattle insurance societies, 64,281; Non-agricultural, 5,432. Of the total membership of 2,360,000, the members of the agricultural societies number 2,031,206.

Of the 64,281 agricultural societies, the credit societies form a very large percentage. The report shows 59,951 for 1924-25, of which 222 were of the limited liability type, and the remainder of unlimited liability. Other agricultural societies are for production, production and sale, purchase and sale, and miscellaneous.

The total number of banks increased during the year from 530 to 555 with 109,385 members. There was also a considerable increase in working capital and net profits.

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RAPID INCREASE OF SOCIETIES IN SOVIET RUSSIA

The All-Russian Central Union of Consumers' Societies (Centrosoyus), held its fortieth congress in Moscow, April 5 to 12, with 600 delegates present from different parts of the Soviet Union and from other national unions. Six delegates from Great Britain represented the British Union, the British and Scottish Wholesale Societies, and the International Co-operative Alliance. There were also representatives from Germany, Scotland, Finland, Denmark, and France.

A report concerning the consumers' cooperative movement in Soviet Russia was presented by the president of Centrosoyus. Comparative figures for 1913 and 1925 were given to indicate the growth of the movement; from these figures the following have been selected:

Year	Number of societies	Number of members	Turnover
			(Roubles)
1913	10,080	1,800,000	250,000,000
1925	25,299	8,722,000	3,788,000,000

The agricultural cooperatives are said to embrace 5,000,000 households.

Seventy-five educational institutions are teaching cooperation to a large number of students. Libraries, reading rooms and homes for children have been Established.

PATRONAGE DIVIDENDS OR REFUNDS

Patronage dividends: What are they? They are not dividends at all in the sense in which that term is ordinarily employed, but are refunds or savings. The aim of a cooperative association is to operate on a cost basis, or as near thereto as practicable, giving the members of the association the entire selling price of their products, less necessary marketing expenses and any other authorized deductions for maintaining and developing the association, and patronage dividends are simply a means of enabling associations employing them to better achieve this result.

The question of patronage dividends arises principally, if not solely, with respect to associations that have a fixed schedule of charges for the handling of products and in the case of associations that pay for products handled at the time of receipt. For instance, some cooperative elevators have a fixed charge per bushel for the marketing of the grain which they handle, generally the same as the going rate charged by private operators, while others aim to pay the current price therefor. In each case it is contemplated that at the end of the year, or of a fixed period, the expenses and costs of operation of the association will be ascertained and that the amount remaining will be distributed among the members on the basis of the amount of product, or the value thereof, marketed by the association for each of them. In the case of associations that have a schedule of charges it is contemplated that the returns therefrom will more than cover all expenses of the association, but obviously it is unknown in advance what the exact amount of the expenses will be; and in the case of associations that pay the current price for the products handled it is contemplated that the products will be sold for prices that will leave a balance after meeting all expenses, but the amount of this balance is likewise unknown in advance. At the end of the year, or of a fixed period, the expenses of the association are ascertained and this amount, together with any other deductions, is subtracted from the total amount which has been received by the association from the fixed charges or from the total sale price of the product, and the balance, or such portion thereof as the board of directors of the association deems advisable, is then returned to the members of the association on the basis of the volume or value of the product which each marketed through the association.

It is apparent, therefore, that patronage dividends are a means of returning to members savings effected by cooperatives in marketing their products. Manifestly, this is fundamental to cooperation because there would be less incentive to cooperate if the savings effected in marketing expenses, or otherwise, could not be returned to members. Patronage dividends are based primarily upon products delivered and sold and not upon the dollars invested. The amount of the patronage dividends to which a member is entitled is ascertained by some associations in substantially the following manner: The total amount available for distribution among the member patrons at the end of the year or other

period is determined. This amount is then divided by the volume of business handled by the association in terms, for instance, of cars, bushels, pounds or head. The figure thus found, when multiplied by the number of cars, for example, handled for a given member, gives the amount of its patronage dividends. (Mooney v. Farmers' Mercantile and Elevator Co., 138 Minn., 164 N. W. 804) In other associations the patronage dividends are ascertained by dividing the total amount available for distribution by the total sale price of the products handled and then multiplying the price received for the products of each member by this per cent.

Patronage dividends, it may be assumed, would not be paid in many instances, if at the time the members of an association delivered their products to it or on their sale the association knew the exact amount which it would cost to market the products of its members and provide for expansion purposes. It is apparent that patronage dividends are the result of necessity in many instances at least, and that they simply furnish a medium by which the undertaking of the association to operate on a cost basis, or as near thereto as possible, may be carried out.

Obviously there is nothing improper or wrong in the payment of patronage dividends. A novel case involving patronage dividends is that of McClure v. Cooperative Elevator and Supply Company (Kansas.) 181 Pac. 573, in which case it was held that the plaintiff, who was not only a farmer and a stockholder in the defendant corporation, but was also engaged in the grain business, was not entitled to patronage dividends on grain which he had purchased from the corporation, but that the other shareholder patrons were entitled to the amount involved.

The Grain Futures Act of September 21, 1922, provides that the Secretary of Agriculture may designate any board of trade as a contract market, if among other things "the governing board thereof does not exclude from membership in, and all privileges on, such board of trade any duly authorized representative of any lawfully formed and conducted cooperative association of producers having adequate financial responsibility which is engaged in cash grain business, if such association has complied, and agrees to comply, with such terms and conditions as are or may be imposed lawfully on other members of such board: PROVIDED, That no rule of a contract market shall forbid or be construed to forbid the return on a patronage basis by such cooperative association to its bona fide members of moneys collected in excess of the expense of conducting the business of such associations."

The Supreme Court of the United States in passing upon the constitutionality of the Grain Futures Act in the case of the Board of Trade of the City of Chicago v. Olsen, 262 U. S. 1, referred particularly to the paragraph of the statute in part quoted above and upheld the same, and in doing so said:

Nor do we see why the requirement that the relation between them and this representative, looking to economy of participation on their part

by a return of patronage dividends, should not be permissible because facilitating closer participation by the great body of producers in transactions of the Board which are of vital importance to them. It would seem to make for more careful supervision of those transactions in the national public interest in the free flow of interstate commerce.

The Packers and Stockyards Act of August 15, 1921, recognizes the right of cooperative livestock market agencies to pay patronage dividends to their producer members. This statute was passed upon by the Supreme Court of the United States in the case of *Stafford v. Wallace*, 258 U. S. 521, and upheld.

In some respects the practice of paying patronage dividends is analogous to that followed by many commission men and brokers who, upon receipt of products consigned to them and before their sale, make advances to their shippers and then on the sale of the products deduct their charges and the amount of the advances, returning any balance to the shippers.

It is a fact frequently overlooked that virtually all persons carrying life insurance receive what amounts to patronage dividends. It is true that these dividends are not referred to as patronage dividends, but in essence they are practically the same thing. The undertaking of an insurance company may be said to contemplate the furnishing of insurance on a basis that will enable it to meet all of its obligations including the expenses of maintaining and operating the insurance company plus a reasonable profit to those conducting the enterprise. At the end of a year or other period it is a common practice for insurance companies to ascertain the amount of the items referred to, due consideration being given to the risks and hazards involved, and then return to the patrons or policyholders sums of money called dividends based upon the amounts which the policyholders paid, and which were found unnecessary for the purposes specified. An insurance company cannot determine in advance the precise amount which should be charged for insurance to cover the items in question, nor can a cooperative association determine in advance the precise amount necessary to meet its expenses and any other necessary charges. In the case of the insurance companies, they charge enough for the insurance to cover all possible contingencies with the idea of returning any surplus to policyholders at the end of a given period, and as indicated above, cooperative associations follow a like practice.

There is no magic or mystery about patronage dividends or refunds; they simply represent a practical means of achieving a given result, namely, the return to the members of an association of savings effected thereby.

CONFERENCE FOR COOPERATIVE MANAGERS IN MICHIGAN

Managers and directors from about 100 farmers' cooperative associations met with the Michigan Farm Bureau Seed and Supply Service at the State College on May 21. This was the second meeting of the kind and was in the nature of a school. These meetings are designed to aid the managers and directors in serving their associations. At the recent meeting representatives of the Dairy Department of the Michigan State College discussed the merits or lack of merit of various types of mineral feeds and the way to value such preparations.

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ALBERTA HALL INSURANCE BOARD ADOPTS NEW SYSTEM

A new system of classification is to be adopted by the Alberta Hall Insurance Board in order to make a greater spread and a fairer distribution of the risk. As the cooperative plan of hail insurance has been in force since 1919, data are now available for seven years. On the basis of these figures there are to be six classes of districts according to the hail losses sustained in each during the past seven years, and different rates are to be set in different districts. Next year the classification will be based on losses for eight years, and the following year for nine years. This plan is expected to appeal to farmers in districts where losses have been comparatively light and thus increase the volume of business and reduce the cost per acre. The exact rates will be set in September of each year according to the losses for the entire province. The average rate for the whole province since 1919 has been 7-1/2 per cent. The organization has no debts and a reserve funds of over \$700,000.

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FARMERS' UNION HANDLING LIFE INSURANCE

Life insurance in force in the Farmers' Union Life Insurance Company of Iowa, amounted to \$5,087,000 at the end of 1925. The business of the first three months of 1926 brought the figures up to nearly \$6,000,000.

The idea of a life insurance company for Farmers' Union members was first conceived in 1922, based on the census figures showing that the rate of mortality was lower in the country on all ages from birth to ninety. To take advantage of this fact the company was formed to take only farm risks. A surplus of \$41,226 was reported on December 31, 1925 and admitted assets amounted to \$207,254. The company has \$174,650 loaned on first mortgages. Substantial dividends are paid to the policyholders.

Prior to 1926 the operations of the company were limited to the State of Iowa. At the present time it is licensed to operate also in Missouri, Arkansas, Kansas, Nebraska, South Dakota and North Dakota, and is applying for admission to other states.

REPORTED BY THE ASSOCIATIONS

An effort is being made by the Maryland Tobacco Growers' Association to secure contracts for 85 per cent of the 1926 crop.

Only nine membership contracts with the Scioto Valley Milk producers, Columbus, Ohio were cancelled during the year ending June 1, 1926. The total membership of the association on that date was 3,329.

The membership list of the Alberta Cooperative Wheat Producers, Ltd., Calgary, now contains 36,583 names, and the mailing list shows 231 affiliated local units.

"Land O'Sunshine" is the trade-mark name of the standard graded eggs handled by the Triangle Cooperative Egg and Poultry Association, McCook, Nebr. The eggs are tested, graded, packed in cartons bearing the new trade-mark, and shipped to eastern markets.

The sales manager of the California Fruit Growers' Exchange reports that during the last week in May sales of lemons averaged over 92 cars a day; the first week in June, 73 cars a day; again increasing the second week to approximately 90 cars daily.

The Superior Court of Carrollton, Georgia, recently held that a member of the Georgia Cotton Growers' Cooperative Association had violated an injunction previously entered against him restraining him from disposing of his cotton outside of the association. Consequently, he was sentenced to spend ten days in jail.

A record was made for the "Pure Gold" oranges entered by the Mutual Orange Distributors, Redlands, Calif., at the California Valencia Orange Show, when they won the "coveted honor - grand sweepstakes" for the fourth time out of five consecutive expositions. Some of the prizes won by Pure Gold oranges are: 11 silver cups, 19 first awards, 13 second awards, 4 third awards, and a large cash bonus.

Every member of the Alberta Wheat Pool who delivered wheat during the past two seasons has been notified by the head office of the amount held to his credit on the books of the association in the elevator and commercial reserve funds. The statement also shows the number of bushels of wheat delivered each year. The statements are intended merely to advise the members of the status of their credits.

A membership of 2,585, poultrymen, owning 3,106,542 hens, is reported by the secretary of the Poultry Producers of Central California, San Francisco. By means of the one-cent deduction, the revolving fund or working capital was expected to amount to \$575,000 by July 1. Since the total revolving fund as fixed by the by-laws of the association is \$500,000, the excess of \$75,000 will be paid to holders of advance-fund certificates.

SELECTED LIST OF PUBLICATIONS AND ARTICLES

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- Dorr, Carl. History of Agricultural Organizations: A Brief Review of the Evolution of the Farmers' Cooperative Movement in the United States. In Wisconsin Farmer, Madison, July 1, 1926, p. 858.
- Ellison, T., and G. W. Ramsdon. The Management of Foodstuffs and Allied Departments: A Textbook for Cooperative Salesmen and Managers. 365 p. The Cooperative Union, Ltd., Manchester, England. 1925.
- Fetrow, W. W. Responsibilities of the Farmers to Their Co-op. Final Number of a Series of Discussions of this Subject. In Oklahoma Cotton Grower, Oklahoma City, June 25, 1926, p. 4.
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- Landon, Susan. Cooperation in Denmark: As Seen by North Carolina Association Worker. In Oklahoma Cotton Grower, Oklahoma City, June 25, 1926, p. 2.
- Macpherson, W. A. Cooperation--From the Viewpoint of the Farmer. In Southwest Wheat Grower, Enid, Okla., June 20, 1926, p. 3.
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- Manley, John. Defects of the Zone Agency Agreement. In The Southwest Wheat Grower, Enid, Okla., June 20, 1926, p. 1.
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- Russell, H. L., and Theodore Macklin. Intensive Dairying in New Zealand and Wisconsin. 40 p., illus. Wisconsin Agricultural Experiment Station, Bul. 377. 1925.
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